

**DBEDT**  
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
STATE OF HAWAII



# ***QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary March 2001***

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This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before March 19, 2001.

#### On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire QSER has been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser.html> and an QSER Executive Summary at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division's Business Resource Center at (808) 586-2424.

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## STATE OF THE ECONOMY

Hawaii's economy generally performed well in the fourth quarter of 2000, finishing the strongest year since the early 1990s. Evidence of strength especially came from labor markets, personal income, and tax revenue.

The civilian labor force grew by 0.6 percent in the fourth quarter compared to the fourth quarter of 1999 (Table 1). Growth in the labor force is notable because the unemployment rate fell by one full percentage point over the same period. Indeed, the *number* of unemployed dropped by more than 20 percent in the fourth quarter and by 23.2 percent for 2000 as a whole. This suggests that people who entered the labor markets were generally successful in finding employment.

As corroboration, the number of non-agricultural wage and salary jobs grew by 3.0 percent from the fourth quarter of 1999 to the fourth quarter of 2000. For the year, these jobs expanded by 3.1 percent. As indicated in Section A, Labor Force and Jobs, these were the fastest rates of growth seen since 1990.

Adjusting for industry size, most of the increase in non-agricultural wage and salary jobs came in services, up 5.1 percent in the fourth quarter and 4.9 percent for 2000 as a whole. The largest contributor to services jobs was business services, up 7.6 percent in the fourth quarter and by 10.4 percent for the year.

Retail trade and construction jobs were the next-largest contributors to non-agricultural job growth. Retail trade jobs expanded by 3.1 percent from the fourth quarter of 1999 to the fourth quarter of 2000. Construction jobs were up 8.1 percent over

that period. For the year as a whole, retail trade jobs expanded by 3.0 percent and construction jobs grew by 8.5 percent.

Personal income grew 4.7 percent from the third quarter of 1999 to the third quarter of 2000 according to data released by the U.S. Bureau of Economic Analysis (BEA) on January 24, 2001 (Table B-1). For the year through the third quarter, personal income rose 4.6 percent. Prices have remained stable, growing by only 1.7 percent according to the U.S. Bureau of Labor Statistics' Honolulu Consumer Price Index (Table B-9). Thus, real personal income has grown by about 2.9 percent in 2000.

The relative strength in economic activity was also reflected in tax revenue collections. General fund tax revenues grew by 8.3 percent in the fourth quarter from the same period in 1999 (Table 1). For the calendar year 2000, general fund revenues were up 8.0 percent. The largest contributor to State tax revenue growth was general excise and use tax revenue, which grew by 13.5 percent in the fourth quarter and by 10.8 percent for the year.

Tourism numbers were not as strong in the fourth quarter as for the earlier part of the year. The number of visitor arrivals rose 2.2 percent in the fourth quarter and 3.5 percent for 2000 as a whole. Visitor arrivals on domestic flights rose a scant 0.8 percent in the fourth quarter. But arrivals on international flights increased 4.7 percent. This reversed the pattern of the first three quarters: for 2000 overall, domestic-flight arrivals grew by 4.6 percent while arrivals on international flights grew 1.6 percent. Hotel occupancy rates for both the fourth quarter and the year were up almost 4 percentage points.

## OUTLOOK OF THE ECONOMY

Slower economic growth on the Mainland, and on-going uncertainty about Japan's economy, raises concerns for economic prospects in Hawaii. Our current forecast calls for real growth of 2.8 percent this year.

The U.S. economy grew by 3.4 percent in the fourth quarter 2000 compared to the fourth quarter of 1999. While a relatively strong pace, this was significantly slower than the first three quarters of the year when the economy grew at rates in excess of 5 percent. The most recent poll of forecasts taken by *The Economist* magazine reports growth expectations of 1.6 percent in 2001 and 3.4 percent in 2002.

California's nominal personal income grew by 9.4 percent from the first three quarters of 1999 to the same period in 2000. The UCLA Anderson Forecast in December 2000 expected nominal growth of 11.3 percent for the year. Consumer prices have risen by about 4.5 percent in California, implying that real personal income growth in 2000 was about 4.9 percent. The December UCLA Anderson Forecast expects real growth of California personal income to be 3.0 percent in 2001 and 2.3 percent in 2002.

Preliminary data indicate that the Japanese economy grew by 1.9 percent from the fourth quarter of 1999 to the fourth quarter of 2000. If this figure holds up, this will have been the fastest year-over-year growth in a quarter since the first quarter of 1997. Even so, *The Economist* poll of forecasters expects Japan to grow by only 1.1 percent in 2001 and by 1.7 percent in 2002.

The Japanese yen is now trading at around 125 per dollar. This is approximately 12% lower than in 2000. A weaker yen makes Hawaii goods and services more expensive for Japanese visitors.

As a result of these considerations, DBEDT's forecast for economic growth in the next few years remains moderate. The table on the following page reports our forecast of visitor arrival growth this year of 2.9 percent and 2.6 percent in 2002. We expect similar growth rates for real personal income: 2.7 percent in 2001 and 2.6 percent in 2002. Nominal (unadjusted for inflation) visitor expenditures should grow by 6.0 percent this year and by 5.0 percent next year. This reflects increases of about 3 percent in the number of visitor days and 3 percent in spending per person per day.

## ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII: 1999 TO 2004

<i>Economic Indicators</i>	<i>1999 (actual)</i>	<i>2000 (actual)</i>	<i>2001 (forecast)</i>	<i>2002 (forecast)</i>	<i>2003 (forecast)</i>	<i>2004 (forecast)</i>
Total population (in thousands)	(NA)	1,216.4 1/	1,226.1	1,235.9	1,234.7	1,244.6
Visitor arrivals (in thousands)	6,741.0	6,975.9	7,178.2	7,418.8	7,587.8	7,754.1
Visitor expenditures (in million dollars)	10,279.7	11,204.2 2/	11,876.5	12,470.3	13,093.8	13,748.5
Honolulu CPI-U (1982-84=100)	173.3	176.3	179.8	183.6	187.6	192.0
Personal income (in million dollars)	32,653.3	34,155.4 2/	35,760.7	37,441.5	39,163.8	41,004.5
Personal income (in \$1992 million)	29,238.5	30,078.5 2/	30,890.6	31,693.8	32,454.4	33,233.3
Total wage & salary jobs (in thousands)	542.7	559.4	570.6	582.0	593.0	603.7
Gross state product (in million dollars)	37,417.0	39,138.2 2/	40,938.6	42,821.7	44,748.7	46,896.6
Real gross state product (in \$1992 million)	33,906.4	34,911.5 2/	35,889.0	36,858.0	37,779.5	38,761.7
Gross state product deflator (1992=100)	110.4	112.1 2/	114.2	116.4	118.7	121.3
<b>Annual Percentage Change</b>						
Total population (in thousands)	(NA)	0.9 1/	0.8	0.8	0.7	0.7
Visitor arrivals (in thousands)	2.2	3.5	2.9	2.6	2.5	2.5
Visitor expenditures (in million dollars)	-0.3	9.0 2/	6.0	5.0	5.0	5.0
Honolulu CPI-U (1982-84=100)	1.0	1.7	2.0	2.1	2.2	2.3
Personal income (in million dollars)	2.6	4.6 2/	4.7	4.7	4.6	4.7
Personal income (in \$1992 million)	1.6	2.9 2/	2.7	2.6	2.4	2.4
Total wage & salary jobs (in thousands)	0.7	3.1	2.0	2.0	1.9	1.8
Gross state product (in million dollars)	2.6	4.6 2/	4.6	4.6	4.5	4.8
Real gross state product (in \$1992 million)	1.6	3.0 2/	2.8	2.7	2.5	2.6
Gross state product deflator (1992=100)	1.0	1.6 2/	1.8	1.9	2.0	2.1

NA Not available.

1/ This July 1, 2000 estimate has been prepared by DBEDT. Revised U.S. Census Bureau intercensal estimates (1990-2000) are forthcoming. The Census Bureau count as of April 1, 2000 is 1,211,537.

2/ Preliminary.

Source: Hawaii State Department of Business, Economic Development & Tourism, March 2001.

## COUNTY ECONOMIC CONDITIONS

By many of the labor measures Hawaii County enjoyed the strongest economic performance in the fourth quarter of 2000. However, all of the increase in visitor arrivals occurred in Honolulu County. Even so, hotel occupancy rates were up sharply in all four counties.

Civilian employment grew the fastest in Hawaii County (2.1 percent, Table 3) and Maui County (2.0 percent, Table 4) in the fourth quarter of 2000 compared to the year-earlier period. For the year, all of the Neighbor Island counties experienced civilian employment growth of at least 3.0 percent. The City & County of Honolulu's civilian employment growth was 1.5 percent in the fourth quarter and 1.3 percent for 2000 as a whole (Table 2).

The unemployment rate fell in all counties from the fourth quarter of 1999 to the fourth quarter of 2000. For the year, each county saw its unemployment rate drop by at least 1.2 percentage points.

Hawaii County enjoyed the fastest growth in non-agricultural wage and salary jobs in the fourth quarter: 4.1 percent. For the year, jobs increased 4.8 percent in Hawaii County. Fourth-quarter job growth was 3.1 percent in Maui County, 2.9 percent in the City & County of Honolulu, and 2.8 percent in Kauai County. For the year, jobs grew by at least 4 percent in all of the Neighbor Island counties; in the City & County of Honolulu these jobs grew by 2.7 percent for the year.

Adjusting for industry size, most of the fourth-quarter Hawaii County job growth came in services (7.0 percent), led by the 16.7 percent increase in business services (Table 3). While contract construction jobs grew by 8.5 percent, more jobs were created in the

larger retail trade sector with its 3.0 percent growth.

Maui County non-agricultural wage and salary job growth came mainly from retail trade in the fourth quarter (Table 4). Retail trade jobs grew by 7.1 percent from the fourth quarter of 1999. Services jobs also grew strongly at 3.4 percent, led by hotels jobs (5.9 percent) and business services jobs (9.3 percent). Construction jobs actually fell by 2.0 percent in Maui County in the fourth quarter, but for the year construction jobs were up more than 10 percent.

When adjusted for industry size, business services led job growth in the City & County of Honolulu in the fourth quarter (Table 2). Business services grew by 7.3 percent from the fourth quarter of 1999 and by 8.5 percent for 2000 as a whole. The next largest contributors to the City & County of Honolulu jobs came from retail trade (2.1 percent) and construction (9.8 percent).

Retail trade jobs posted the largest increase in Kauai County in the fourth quarter (5.9 percent, Table 5). For the year, Kauai's retail trade jobs increased by 6.1 percent. Services jobs, led by hotels, was the second-largest contributor to Kauai jobs.

All counties enjoyed a fourth-quarter increase in hotel occupancy rates of at least 3.0 percentage points. Hawaii County saw a 6.0 percentage point jump in occupancy rates. Even so, total visitor arrivals dropped in all the Neighbor Island counties for both the fourth quarter and the year. The City & County of Honolulu enjoyed 3.3 percent growth in visitor arrivals during the fourth quarter and 4.8 percent growth for 2000.

**Table 1. 2000 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII**

SERIES	UNIT	4th QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	597,400	0.6	595,450	0.4
Civilian employment	Persons	574,500	1.6	569,900	1.8
Civilian unemployment	Persons	22,900	-20.2	25,500	-23.2
Unemployment rate 2/	%	3.8	-1.0	4.3	-1.3
Total non-agric. wage & salary jobs 1/	Jobs	561,100	3.0	551,500	3.1
Contract construction	Jobs	23,950	8.1	23,500	8.5
Manufacturing	Jobs	17,350	2.4	17,200	3.9
Transport., comm., utilities	Jobs	43,200	3.1	42,400	2.9
Trade	Jobs	140,000	2.7	136,950	2.9
Retail	Jobs	118,300	3.1	115,400	3.0
Finance, insur., & real estate	Jobs	33,300	-3.3	33,400	-4.0
Services & miscellaneous	Jobs	187,050	5.1	183,400	4.9
Hotels	Jobs	39,100	4.5	38,450	3.6
Health	Jobs	37,100	2.3	36,700	2.5
Business	Jobs	31,200	7.6	30,350	10.4
Government	Jobs	116,200	1.2	114,600	1.6
Federal	Jobs	30,550	0.2	30,950	2.1
State	Jobs	69,150	1.8	66,950	1.7
Local	Jobs	16,550	0.9	16,700	0.3
Agriculture wage & salary jobs 1/	Jobs	7,650	-8.4	7,850	1.9
State general fund revenues	\$1,000	739,955	8.3	3,067,622	8.0
General excise and use tax revenues	\$1,000	394,653	13.5	1,611,446	10.8
Income-individual	\$1,000	268,692	3.0	1,080,372	2.5
Declaration of estimated taxes	\$1,000	26,298	3.9	218,062	10.7
Payment with returns	\$1,000	8,747	7.2	93,639	-1.8
Withholding tax on wages	\$1,000	252,899	4.1	1,011,772	3.5
Refunds	\$1,000	19,252	25.0	243,100	12.7
Transient accommodations tax	\$1,000	41,564	15.6	175,360	14.3
Visitor arrivals by air 3/	Persons	1,672,603	2.2	6,975,866	3.5
Domestic flight visitors	Persons	1,051,841	0.8	4,451,658	4.6
International flight visitors	Persons	620,762	4.7	2,524,208	1.6
Hotel occupancy rates 2/	%	72.8	3.9	75.9	3.8

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary data.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism

**Table 2. 2000 SELECTED ECONOMIC ACTIVITIES:  
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	4th QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	426,600	0.5	423,500	0.1
Civilian employment	Persons	412,100	1.5	407,600	1.3
Civilian unemployment	Persons	14,500	-21.4	15,900	-23.9
Unemployment rate 2/	%	3.4	-0.9	3.8	-1.2
Total non-agric. wage & salary jobs 1/	Jobs	420,300	2.9	412,300	2.7
Contract construction	Jobs	17,900	9.8	17,200	6.8
Manufacturing	Jobs	13,450	2.3	13,350	3.9
Transport., comm., utilities	Jobs	33,950	3.5	33,300	3.4
Trade	Jobs	100,900	1.8	99,000	2.3
Retail	Jobs	83,450	2.1	81,650	2.5
Finance, insur., & real estate	Jobs	26,650	-3.3	26,800	-3.9
Services & miscellaneous	Jobs	134,200	5.3	130,950	4.6
Hotels	Jobs	16,800	3.4	16,500	1.9
Health	Jobs	30,000	1.7	29,750	2.2
Business	Jobs	26,300	7.3	25,400	8.5
Government	Jobs	93,250	1.1	91,650	1.3
Federal	Jobs	28,650	-0.2	28,900	1.2
State	Jobs	53,250	1.9	51,350	1.8
Local	Jobs	11,350	0.4	11,450	0.0
Agriculture wage & salary jobs 1/	Jobs	2,100	-8.7	2,250	2.3
General excise and use tax revenues	\$1,000	326,380	13.8	1,325,291	10.5
Income-individual	\$1,000	234,764	3.2	938,787	2.2
Declaration of estimated taxes	\$1,000	20,390	4.8	159,159	7.7
Payment with returns	\$1,000	6,497	6.6	71,511	-2.5
Withholding tax on wages	\$1,000	222,324	3.9	890,586	3.5
Refunds	\$1,000	14,448	20.0	182,469	12.2
Transient accommodations tax	\$1,000	31,364	13.7	129,487	12.5
Visitor arrivals by air 3/	Persons	1,145,639	3.3	4,776,960	4.8
Domestic flight visitors	Persons	593,861	0.9	2,488,128	6.0
International flight visitors	Persons	551,778	6.0	2,288,832	3.4
Hotel occupancy rates 2/	%	74.1	3.9	75.6	3.8

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary data. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.



**Table 3. 2000 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	4th QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	69,700	0.9	70,100	1.0
Civilian employment	Persons	65,650	2.1	65,450	3.3
Civilian unemployment	Persons	4,000	-15.8	4,650	-23.1
Unemployment rate 2/	%	5.7	-1.1	6.7	-2.0
Total non-agric. wage & salary jobs 1/	Jobs	54,100	4.1	53,350	4.8
Contract construction	Jobs	2,550	8.5	2,650	17.8
Manufacturing	Jobs	1,650	3.1	1,600	3.2
Transport., comm., utilities	Jobs	2,950	3.5	2,850	0.0
Trade	Jobs	14,150	2.9	13,800	2.6
Retail	Jobs	12,000	3.0	11,650	2.6
Finance, insur., & real estate	Jobs	2,600	-1.9	2,550	-3.8
Services & miscellaneous	Jobs	19,150	7.0	18,950	8.0
Hotels	Jobs	6,850	3.8	6,800	5.4
Health	Jobs	3,200	8.5	3,100	6.9
Business	Jobs	2,100	16.7	2,050	20.6
Government	Jobs	11,050	2.3	10,950	3.3
Federal	Jobs	950	11.8	1,000	17.6
State	Jobs	7,800	2.0	7,650	2.7
Local	Jobs	2,300	2.2	2,300	2.2
Agriculture wage & salary jobs 1/	Jobs	2,600	-3.7	2,650	8.2
General excise and use tax revenues	\$1,000	25,498	10.3	107,538	14.0
Income-individual	\$1,000	13,435	1.7	57,129	1.1
Declaration of estimated taxes	\$1,000	1,868	-18.7	21,546	11.9
Payment with returns	\$1,000	788	-5.6	9,248	0.2
Withholding tax on wages	\$1,000	12,437	10.5	49,031	3.3
Refunds	\$1,000	1,659	41.1	22,696	16.9
Transient accommodations tax	\$1,000	2,118	19.3	10,395	20.7
Visitor arrivals by air 3/	Persons	296,713	-10.0	1,269,740	-2.9
Domestic flight visitors	Persons	218,482	-7.6	926,100	-1.7
International flight visitors	Persons	78,231	-16.0	343,640	-5.9
Hotel occupancy rates 2/	%	66.9	6.0	70.8	5.2

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 4. 2000 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	4th QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	72,000	0.6	72,400	1.4
Civilian employment	Persons	69,400	2.0	69,350	3.0
Civilian unemployment	Persons	2,550	-26.1	3,050	-24.7
Unemployment rate 2/	%	3.5	-1.3	4.2	-1.5
Total non-agric. wage & salary jobs 1/	Jobs	61,100	3.1	60,450	4.0
Contract construction	Jobs	2,500	-2.0	2,650	10.4
Manufacturing	Jobs	1,750	0.0	1,750	0.0
Transport., comm., utilities	Jobs	4,500	-1.1	4,500	1.1
Trade	Jobs	17,300	7.1	16,700	5.4
Retail	Jobs	15,750	7.1	15,150	5.2
Finance, insur., & real estate	Jobs	3,000	-1.6	3,000	-1.6
Services & miscellaneous	Jobs	24,250	3.4	24,000	4.1
Hotels	Jobs	11,650	5.9	11,450	5.0
Health	Jobs	2,400	4.3	2,400	4.3
Business	Jobs	2,350	9.3	2,300	17.9
Government	Jobs	7,850	1.9	7,850	2.6
Federal	Jobs	550	0.0	600	9.1
State	Jobs	5,400	0.9	5,350	1.9
Local	Jobs	1,850	0.0	1,900	0.0
Agriculture wage & salary jobs 1/	Jobs	2,000	-14.9	1,950	-9.3
General excise and use tax revenues	\$1,000	31,860	10.7	134,751	9.6
Income-individual	\$1,000	14,533	-3.0	61,717	7.2
Declaration of estimated taxes	\$1,000	2,837	6.1	27,515	25.8
Payment with returns	\$1,000	1,076	27.1	8,671	-2.0
Withholding tax on wages	\$1,000	13,152	2.7	52,766	4.2
Refunds	\$1,000	2,532	86.8	27,235	14.5
Transient accommodations tax	\$1,000	6,510	22.2	29,017	18.9
Visitor arrivals by air 3/	Persons	542,338	-1.6	2,287,129	-2.6
Domestic flight visitors	Persons	421,097	-3.2	1,836,437	-1.6
International flight visitors	Persons	121,241	4.7	450,692	-6.2
Hotel occupancy rates 2/ 4/	%	75.1	3.0	80.9	4.4

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Preliminary. County-level data not yet revised

4/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 5. 2000 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	4th QUARTER 2000		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	29,150	0.5	29,400	1.7
Civilian employment	Persons	27,300	1.3	27,500	3.2
Civilian unemployment	Persons	1,850	-9.8	1,900	-13.6
Unemployment rate 2/	%	6.3	-0.7	6.5	-1.2
Total non-agric. wage & salary jobs 1/	Jobs	25,600	2.8	25,450	3.9
Contract construction	Jobs	1,000	11.1	1,000	11.1
Manufacturing	Jobs	500	11.1	500	11.1
Transport., comm., utilities	Jobs	1,800	2.9	1,750	2.9
Trade	Jobs	7,700	5.5	7,450	4.9
Retail	Jobs	7,150	5.9	6,950	6.1
Finance, insur., & real estate	Jobs	1,100	-12.0	1,100	-12.0
Services & miscellaneous	Jobs	9,450	2.7	9,500	3.8
Hotels	Jobs	3,750	4.2	3,700	2.8
Health	Jobs	1,450	-3.3	1,450	-3.3
Business	Jobs	500	-9.1	550	10.0
Government	Jobs	4,150	2.5	4,100	1.2
Federal	Jobs	400	0.0	450	12.5
State	Jobs	2,700	1.9	2,600	0.0
Local	Jobs	1,050	0.0	1,050	0.0
Agriculture wage & salary jobs 1/	Jobs	950	0.0	950	5.6
General excise and use tax revenues	\$1,000	10,915	21.5	43,864	14.6
Income-individual	\$1,000	5,961	13.8	22,738	8.1
Declaration estimated taxes	\$1,000	1,203	37.6	9,840	21.2
Payment with returns	\$1,000	386	1.1	4,208	8.5
With holding tax on wages	\$1,000	4,985	3.4	19,389	2.4
Refunds	\$1,000	613	-26.8	10,699	8.3
Transient accommodations tax	\$1,000	1,571	24.7	6,463	24.0
Visitor arrivals by air 3/	Persons	248,900	-8.0	1,079,061	-0.9
Domestic flight visitors	Persons	203,761	-9.7	885,367	-4.8
International flight visitors	Persons	45,139	0.9	193,694	21.3
Hotel occupancy rates 2/	%	69.2	3.5	74.4	4.9

1/ Labor force and jobs based on monthly rounded data were rebenchmarked in March 2001.

2/ Change represents absolute change in rates rather than percentage change in rates.

3/ Preliminary. County-level data not yet revised.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

## A. LABOR FORCE AND JOBS

To judge by the labor market, Hawaii's economy performed strongly in the fourth quarter of 2000. By a number of measures the year 2000 labor market was the strongest Hawaii has seen since the early 1990s.

Civilian employment grew by 1.6 percent in the fourth quarter of 2000 compared to the fourth quarter of 1999 (Table A-2). For the year, civilian employment expanded by 1.8 percent. This was the fastest rate of growth since 1996.

The number of unemployed fell by more than 20 percent in the fourth quarter (Table A-3). Indeed, in each quarter of 2000 the number of people unemployed dropped by more than 20 percent. For the year 2000, unemployment fell by 23.2 percent from 1999.

The unemployment rate (the number of unemployed divided by the civilian labor force) was down to 3.8 percent in the fourth quarter (Table A-4). Hawaii has not seen a fourth-quarter unemployment rate this low since 1991. For the year, the unemployment rate averaged 4.3 percent—down to the level last seen in 1993.

Non-agricultural wage and salary jobs expanded by a healthy 3.0 percent in the fourth quarter of 2000 compared to the year-earlier quarter (Table A-5). Growth for the year was even stronger at 3.1 percent. Both rates are higher than anything seen since 1990.

Industries with the largest fourth-quarter job increases (from the fourth quarter of 1999) included construction (8.1 percent, Table A-6), services (5.1 percent, Table A-

14), hotels (4.5 percent, Table A-15), transportation (4.2 percent, Table A-8), and retail trade (3.1 percent, Table A-11). In each case, these rates of fourth-quarter growth were the largest seen in ten years.

Manufacturing job growth has been particularly interesting. Manufacturing jobs grew by 2.4 percent in the fourth quarter from the year-earlier period (Table A-7). For the year, manufacturing jobs were up by 3.9 percent. With the slight increase in 1999, this represented a dramatic turnaround from the long-term decline in manufacturing jobs Hawaii has seen since the mid-1970s. Most of the manufacturing job growth came in non-durables and in printing and publishing in particular.

This reversal of long-term job loss has also occurred in agriculture. While agriculture wage and salary jobs fell by 8.4 percent in the fourth quarter (Table A-19), they were up 1.9 percent for the year. This was the third year of annual growth in agriculture jobs, reversing a long-term decline since the 1970s similar to that of manufacturing.

Jobs in the public sector also grew in 2000. The largest percentage increase came in federal government jobs, with growth of 2.1 percent over 1999 (Table A-16). Much of this growth was related to the Census. State government jobs grew by 1.8 percent in the fourth quarter and by 1.7 percent for 2000 over 1999 (Table A-17). Local government jobs expanded by 0.9 percent in the fourth quarter and by a small 0.3 percent for the year (Table A-18).

## B. INCOME AND PRICES

Personal income grew rapidly in the third quarter of 2000 (the latest data available). The growth was driven by a rapid expansion of wage and salary income. But proprietors' income; dividends, interest, and rent; and transfer payments also showed healthy gains.

Hawaii's personal income increased by 4.7 percent from the third quarter of 1999 through the third quarter of 2000 (Table B-2). The U.S. Bureau of Economic Analysis (BEA) also revised upward its estimate of 2000 second-quarter growth to 4.9 percent from the year-earlier. This means that Hawaii's growth rate in the first three quarters of 2000 was the highest seen since 1993.

Growth in wage and salary income was by far the strongest contributor to this growth. Wages and salaries grew by 5.4 percent in the third quarter of 2000 compared to the third quarter of 1999 (Table B-3). This followed even stronger growth of 5.7 percent in the second quarter. Hawaii has not seen rates of growth at this level since 1992. It reflects both increases in the number of jobs and in wage rates.

The downward trend in other labor income seems to have reversed. Other labor income consists of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and so on. Other labor income has declined steadily since the first quarter of 1997 (Table B-4). The decline ended in the second quarter of 2000, and other

labor income expanded again, by 2.6 percent, in the third quarter (relative to the third quarter of 1999).

Proprietors' income continued to grow at a relatively fast pace in the third quarter. This measure of "entrepreneurial activity" expanded by 5.8 percent in the third quarter, following very strong growth of 7.7 percent in the first half of 2000 compared to the first half of 1999 (Table B-5). Proprietors' income has grown faster than total personal income since 1996.

The dividends, interest, and rent component of personal income expanded by 3.2 percent in third quarter (Table B-6). Adjusting for component size, dividends, interest, and rent was the second-strongest contributor to the third quarter's personal income increase.

Transfer payments also increased by a relatively sharp 4.9 percent in the third quarter. Retirement and medical payments constitute about 70 percent of transfer payments.

Inflation remained surprisingly tame in the second half of 2000. The Honolulu CPI grew by 1.7 percent from the second half of 1999 to the second half of 2000 (Table B-9). Much of the increase came from a 19 percent increase in energy prices (not shown). Excluding energy, Honolulu prices would have risen by less than 1 percent over the period.

**Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES**

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 1998	Third Quarter 1999	Annual average 1999	First Quarter 2000	Second Quarter 2000	Third Quarter 2000	To Third Quarter 2000 From		Annual average 1999 from 1998
							Third Quarter 1999	Second Quarter 2000	
PERSONAL INCOME	31,815	33,005	32,653	33,300	34,084	34,556	4.7	1.4	2.6
Earnings By Place of Work	23,069	24,016	23,663	24,050	24,781	25,239	5.1	1.8	2.6
Wage and salary disbursements	17,749	18,598	18,296	18,576	19,223	19,599	5.4	2.0	3.1
Other labor income	2,889	2,842	2,816	2,800	2,840	2,916	2.6	2.7	-2.5
Proprietors' income	2,431	2,575	2,551	2,674	2,718	2,724	5.8	0.2	4.9
Farm proprietors' income	11	10	11	11	11	9	-10.0	-18.2	0.0
Nonfarm proprietors' income	2,421	2,565	2,540	2,663	2,707	2,715	5.8	0.3	4.9
Dividends, interest, and rent	6,179	6,359	6,355	6,521	6,549	6,563	3.2	0.2	2.9
Transfer payments	3,818	3,948	3,933	4,049	4,118	4,142	4.9	0.6	3.0
Less: Pers. cont. for social insur.	1,250	1,318	1,297	1,320	1,363	1,388	5.3	1.8	3.8
Earnings By Industry	23,069	24,016	23,663	24,051	24,781	25,238	5.1	1.8	2.6
Farm Earnings	173	192	192	197	202	206	7.3	2.0	10.9
Nonfarm Earnings	22,896	23,824	23,471	23,854	24,579	25,032	5.1	1.8	2.5
Private Earnings	15,844	16,318	16,231	16,615	17,257	17,538	7.5	1.6	2.4
Ag. serv., forestry, fishing & oth	137	146	143	155	153	154	5.5	0.7	3.8
Mining	21	22	21	20	22	22	0.0	0.0	3.7
Construction	1,310	1,324	1,325	1,430	1,484	1,483	12.0	-0.1	1.1
Manufacturing	675	725	725	673	683	702	-3.2	2.8	7.3
Transport. and public utilities	1,772	1,811	1,811	1,925	1,932	2,028	12.0	5.0	2.2
Wholesale trade	796	832	822	837	855	859	3.2	0.5	3.2
Retail trade	2,552	2,652	2,633	2,707	2,775	2,812	6.0	1.3	3.2
Finance, insur., and real estate	1,901	1,977	1,950	1,962	2,060	2,063	4.4	0.1	2.6
Services	6,680	6,899	6,869	6,906	7,294	7,415	7.5	1.7	2.8
Gov't and gov't enterprises	7,053	7,506	7,240	7,239	7,322	7,494	-0.2	2.3	2.7
Federal	4,086	4,146	4,138	4,218	4,189	4,320	4.2	3.1	
Federal, civilian	1,784	1,838	1,840	1,885	1,869	1,894	3.0	1.3	3.1
Military	2,302	2,308	2,298	2,333	2,320	2,426	5.1	4.6	-0.1
State and local	2,967	3,360	3,102	3,020	3,133	3,174	-5.5	1.3	4.6

Data for 2000 Q1 and 2000 Q2 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, January 24, 2001, <<http://www.bea.doc.gov/bea/regional/sq/>> and tabulations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,  
ALL URBAN CONSUMERS (CPI-U)  
[1982-84=100]**

BLS Regional News releases <http://stats.bls.gov/ro9news.html>

BLS Hono CPI News Releases <http://stats.bls.gov/special.requests/sanfrancisco/cpihono.htm>

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.7	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	2.9	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
1995H1	3.0	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.6	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.2	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, accessed February 21, 2001; and Fax-on-Demand (415) 975-456

## C. TAX REVENUES

As reflected in tax revenue, Hawaii's economy revived last year. The strong increase in general fund tax revenue was led by double-digit increases in the general excise tax revenues. Transient accommodations tax revenue also grew sharply, reflecting strength in the visitor industry.

State general fund tax revenue increased by 8.3 percent in the fourth quarter of 2000 over the same period in 1999 (Table C-2). For the calendar year, general fund revenue was up by 8.0 percent. This was the fastest rate of growth since 1989.

Most of the revenue growth came from the general excise and use tax (GET). GET revenue grew by 13.5 percent from the fourth quarter of 1999 through the fourth quarter of 2000 (Table C-3). For calendar year 2000, GET revenue was up 10.8 percent. Hawaii has not seen this kind of increase in the broad-based GET revenue stream since 1990.

The second-largest source of general fund revenue, the individual income tax, grew at a more moderate pace. Net individual income tax revenue (payments less refunds) expanded by 3.0 percent in the fourth quarter of 2000 compared to the year-earlier quarter (Table C-4). These revenues grew by 2.5 percent for the calendar year 2000. This moderate growth was expected as the income tax rate cuts, which started to be phased in in 1999, are scheduled to continue through 2002.

Declarations of estimated individual income taxes grew by only 3.9 percent in the fourth quarter but by 10.7 percent for the year (Table C-5). This category was dominated by the large increase in the first quarter of 2000. The struggling performance of financial markets since the first quarter may be reflected in slowdown of estimated tax revenue.

On the other hand, income tax withholding on wages grew by 4.1 percent in the fourth quarter and by 3.5 percent for the year (Table C-7). Growth in withholding was strong for the last three quarters of 2000, perhaps reflecting both increases in the number of jobs and in wage rates.

Net corporate income tax revenue in 2000 returned to levels unseen since 1991. For the year, net corporate income tax revenue was \$67.8 million, 41.8 percent higher than in 1999 (Table C-9). Corporate income tax revenue is notoriously volatile, so it is difficult to draw conclusions about economic activity from quarterly fluctuations.

Transient Accommodations Tax (TAT) revenue rose by 15.6 percent in the fourth quarter of 2000 compared to the year-earlier quarter (Table C-13). For calendar year 2000 TAT revenue was up 14.3 percent. This reflected relatively strong activity in the visitor sector as the TAT rate increases of 1999 should now be incorporated into the data.



**Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS**

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
1997	1 Qtr.	365,069	227,409	18,055	688,683
	2 Qtr.	366,563	213,468	32,330	676,222
	3 Qtr.	356,533	269,597	10,594	704,749
	4 Qtr.	344,846	274,526	-5,386	686,967
1998	1 Qtr.	375,018	247,815	10,592	714,466
	2 Qtr.	348,955	291,713	30,408	743,003
	3 Qtr.	360,313	283,430	15,479	738,957
	4 Qtr.	352,368	270,283	-6,368	692,866
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
1997	1 Qtr.	-5.6	-6.1	16.9	-5.0
	2 Qtr.	2.6	-2.0	14.1	1.3
	3 Qtr.	-5.9	-2.6	6.9	-4.6
	4 Qtr.	-0.5	6.2	-119.3	2.8
1998	1 Qtr.	2.7	9.0	-41.3	3.7
	2 Qtr.	-4.8	36.7	-5.9	9.9
	3 Qtr.	1.1	5.1	46.1	4.9
	4 Qtr.	2.2	-1.5	-18.3	0.9
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment  
1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refund:  
Individual income tax rates changed effective January 1, 1999.  
2/ Declaration of estimated taxes, plus payments with returns, less refunds  
Source: Hawaii State Department of Taxation

## D. TOURISM

The visitor industry finished 2000 with some weakness in the domestic market but compensating strength from the international market. Arrivals grew faster than the average daily visitor census indicating shorter lengths of stay. Yet hotel occupancy rates remained relatively high.

The number of visitor arrivals to Hawaii (by air) grew 2.2 percent from the fourth quarter of 1999 to the fourth quarter of 2000 (Table D-2). For the year, visitor arrivals were up 3.5 percent. This was the fastest rate of growth for the year since 1994.

Yet the number of arrivals on domestic flights grew by an anemic 0.8 percent in the fourth quarter (Table D-3). For the year, domestic-flight arrivals rose 4.6 percent, largely thanks to exceptional growth in the second quarter of 2000.

Most of the weak domestic performance in the fourth quarter came from the U.S. West market. Arrivals from U.S. West (predominantly California) rose only 0.1 percent from the fourth quarter of 1999 to the fourth quarter 2000 (Table D-5). By contrast, the number of U.S. East arrivals grew 4.5 percent in the quarter (Table D-5). In both cases, the year-over-year growth was strong—5.0 percent for U.S. West arrivals and 9.6 percent for U.S. East arrivals.

The temporal pattern for international and Japanese arrivals was different: strong fourth-quarter growth but relatively modest growth for the year. The number of arrivals on international flights expanded by 4.5 percent in the fourth quarter but by only 1.6 percent for the year (Table D-4). Japanese visitor arrivals make up the bulk of

international-flight visitors. Japanese arrivals grew by 9.4 percent in the fourth quarter and by 1.7 percent for 2000 as a whole (Table D-7). Both international and Japanese arrivals remain below their peak levels in 1996 and 1997.

Some prefer the average daily visitor census, or the number of visitor days, as a measure of visitor industry activity. These measures reflect changes in both the number of arrivals and average lengths of stay. The visitor census increased by 0.8 in the fourth quarter and by 3.1 percent for 2000 as a whole (Table D-8). This pattern largely reflected domestic census growth rates (Table D-9). The census of visitors arriving on international flights was somewhat stronger in the fourth quarter, up 1.2 percent (Table D-10). But for the year as a whole, the international visitor census fell by 1.6 percent. This reflected a decline in average length of stay among these visitors.

In spite of the mixed arrival numbers, hotel occupancy rates averaged a relatively strong 72.8 percent in the fourth quarter (Table D-11). This was the highest fourth-quarter rate since 1995. For the year, occupancy rates averaged 76.0 percent, a rate unseen since 1994.

Readers interested in reviewing visitor data on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

In February 2001, DBEDT released an issue of *Hawaii's Economy* devoted to tourism issues. The issue contains a discussion of recent changes in visitor data and can be found at <http://www.hawaii.gov/dbedt/he2-01/index.html>.

**Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR**

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,975,866	4,451,658	2,524,208	169,456	123,749	45,707
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,722,991	1,071,927	651,064	177,756	124,833	52,924
2 Qtr.	1,749,438	1,164,747	584,691	165,241	125,255	39,987
3 Qtr.	1,830,834	1,163,143	667,691	171,621	126,834	44,787
4 Qtr.	1,672,603	1,051,841	620,762	163,251	118,102	45,148
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.5	4.6	1.6	3.1	4.9	-1.6
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	2.0	4.9	-2.4	1.8	4.0	-3.0
2 Qtr.	8.3	10.1	4.8	9.0	10.9	3.3
3 Qtr.	1.7	2.7	0.0	1.1	4.2	-6.6
4 Qtr.	2.2	0.8	4.7	0.8	0.7	1.2

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

**Table D-11. HOTEL OCCUPANCY RATE**

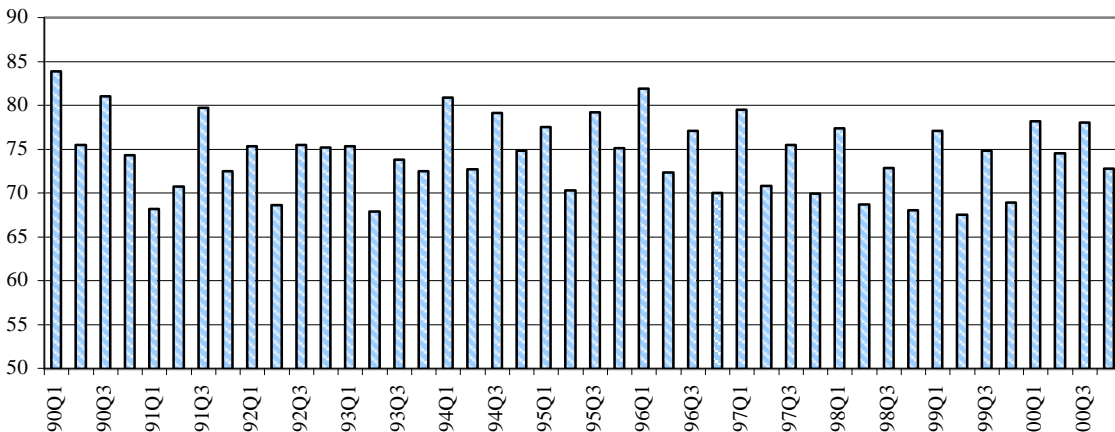
Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	72.8	76.0

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and PricewaterhouseCoopers monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Smith Travel Research, PricewaterhouseCoopers LLP.

**Figure 5. Hotel Occupancy Rate**

[In percent]



## E. CONSTRUCTION

Construction activity in Hawaii slowed somewhat in the fourth quarter of 2000 relative to the rapid pace earlier in the year. Even so, measures of construction activity for 2000 were close to those of 1999, which was the best year since early 1990s. Part of the difference is due to Kauai November 2000 data including residential permits only, thus the fourth quarter and annual data do not reflect total permit activity.

The value of private building permits rose by 11.9 percent in the fourth quarter of 2000 compared to the fourth quarter of 1999 (Table E-1). This followed growth in excess of 20 percent in the second and third quarters of the year. For the year 2000, private permit values grew by 14.6 percent. Excluding 1999's rapid 25.2 percent pace, this was the fastest annual growth since 1989.

Adjusting for size, most of the growth in private permit values came from additions and alterations in the fourth quarter. This category grew by 15.1 percent from the fourth quarter of 1999 to the fourth quarter of 2000. Residential permit authorizations was the second-largest contributor to total permit value growth, rising 8.4 percent in the fourth quarter. While commercial and industrial permits grew by 17.6 percent in the fourth quarter, this component was only one-fourth the size of residential permits and therefore contributed less than the other components to total permit value growth.

The increase in building permits has been translating into actual construction. The contracting tax base grew by 27.2 percent from the fourth quarter of 1999 to

the fourth quarter of 2000 (Table E-1). For the year 2000, the contracting base grew by 20.8 percent, the highest annual increase since 1990.

The number of single family housing units rose by 2.8 percent in the fourth quarter, sharply lower than the 30+ percent pace earlier in the year (Table E-2). On the other hand, multi-family units authorized accelerated by 28.1 percent in the quarter (Table E-3). The multi-family unit increase was primarily due to activity on Oahu.

Building permit values increased across all counties in the fourth quarter. Adjusting for size, most of the growth came from the 12.7 percent increase in permit values in Honolulu County (Table E-6). Much of Honolulu permit growth came from housing and renovation permits. Maui and Hawaii counties were the next largest contributors, with increases of 15.8 percent and 8.0 percent, respectively. Permits for Kamehameha Schools on the Big Island were particularly significant. While Kauai County values are the smallest, permits increased 12.9 percent from the fourth quarter of 1999 to the fourth quarter of 2000.

State capital improvement project (CIP) expenditures slowed to a 4.0 percent pace in fourth quarter (Table E-11). For the year CIP spending moved up by 2.4 percent. Fourth quarter CIP spending focused on classrooms at UH-Hilo, library construction at UH-Manoa, and campus development for Maui and Windward community colleges.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	593.8
1997 1 Qtr.	685.9	258.9	88.4	72.8	97.8	181.8
2 Qtr.	777.1	425.6	220.8	93.6	111.9	121.6
3 Qtr.	734.1	266.0	132.8	46.8	86.3	200.9
4 Qtr.	747.3	228.7	100.5	51.3	76.2	111.3
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization				Government
		Total Private Authorizations	Residential	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	1.5
1997 1 Qtr.	-16.8	-7.7	-25.3	-7.2	16.8	-43.1
2 Qtr.	-4.6	58.7	122.5	49.8	5.0	55.9
3 Qtr.	-12.5	-24.5	-25.3	-27.7	-21.4	-37.9
4 Qtr.	-7.5	5.8	10.1	8.7	-5.8	-32.3
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

Source: Hawaii State Department of Taxation; F. W. Dodge; county building departments; First Hawaiian Bank; *Building Industry* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

## F. OTHER INDICATORS

Bankruptcy filings continued to fall in the fourth quarter of 2000. Both Chapter 7 and Chapter 13 filings declined, but Chapter 11 filings rose.

The total number of bankruptcy filings dropped by 9.8 percent in the fourth quarter compared to the fourth quarter of 1999 (Table F-1). For the year, total bankruptcy filings were down 16.3 percent. Bankruptcies have now declined for each of the last seven quarters.

Most of the decline came in Chapter 7 filings, which involve the liquidation of assets and the discharge of some debt. The number of Chapter 7 filings fell by 10.0 percent from the fourth quarter of 1999 to the fourth quarter of 2000. For the year, Chapter 7 filings were down 17.8 percent.

Chapter 11 filings jumped by 66.7 percent in the fourth quarter, but this

represented a rise from 6 filings in the fourth quarter of 1999 to 10 filings in the fourth quarter of 2000. Chapter 11 filings involve the structuring of repayment plans for companies. For the year 2000, Chapter 11 filings increased by 1, from 29 to 30.

Chapter 13 filings declined by 11.6 percent in the fourth quarter. Chapter 13 bankruptcy allows debtors to workout repayment arrangements with creditors. For the year, Chapter 13 filings fell 3.6 percent.

The decline in Hawaii bankruptcy filings corresponds with declines for the nation as a whole. U.S. bankruptcy filings fell 2.7 percent from the fourth quarter of 1999 through the fourth quarter 2000. Quarterly U.S. bankruptcy statistics can be found at [http://www.uscourts.gov/Press\\_Releases/press\\_02232001.pdf](http://www.uscourts.gov/Press_Releases/press_02232001.pdf)

### Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)

(percentage change from same period previous year)

